

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 PPT-01 CA-01 CIAE-00 DODE-00
PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01
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P 121245Z APR 78
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC PRIORSTY 7702
INFO AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN
AMEMBASSY LONDON

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C O R R E C T E D C O P Y (TEXT CORRECTED)

E.O. 11652: N/A
TAGS: PGOV, TC
SUBJ: SHAIKH ZAYID'S FENCE MENDING TOUR IN NORTHERN EMIRATES

BEGIN SUMMARY: ZAYID RETURNED APRIL 11 FROM WEEK LONG
POLITICAL FENCE-MENDING TOUR OF NORTHERN EMIRATES. SUPERFICIAL
IMPRESSION IS THAT TOUR AT LEAST PARTIALLY SUCCESSFUL IN EASING
TENSIONS BETWEEN ZAYID AND NORTHERN RULERS, PARTICULARLY RULERS
OF DUBAI AND RAS AL KHAIMAH. END SUMMARY

1. DURING PERIOD BETWEEN APRIL 4 AND 10, UAE PRESIDENT SHAIKH
ZAYID HAS BEEN IN NORTHER EMIRATES FOR WHAT CLEARLY HAS BEEN
POLITICAL FENCE-MENDING OPERATION. THE LENGTH
OF THE TOUR; FACT THAT IT WAS USED AS AN OCCASION FOR ZAYID TO
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VISIT DUBAI DRYDOCK, TO INAUGURATE NEW HILTON HOTEL AT FUJAIRAH,
AND TO INSPECT HOSPITAL FACILITIES UNDER CONSTRUCTION AT RAS
AL KHAIMAH; AND NUMBER OF DIFFERENT MEETINGS THAT ZAYID HAD WITH
OTHER RULERS ON THEIR OWN TURF SEEM TO INDICATE ZAYID IS
ATTEMPTING RESPOND TO RECENT CRITICISM THAT ABU DHABI INCRASINGLY
INDIFFERENT TO PROBLEMS OF SMALLER AND LESS WEALTHY EMIRATES.

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IN HIS TOUR OF NORTHERN EMIRATES, ZAYID HAS SOUGHT TO TACKLE A NUMBER OF ISSUES. MOST IMPORTANT AMONG THESE HAVE BEEN:

-- A) RESSOLUTION OF POLITICAL TENSIONS ARISING FROM ZAYID'S FEBRUARY FIRST APPOINTMENT OF HIS SECOND SON SULTAN BIN ZAYID AS COMMANDER-IN-CHIEF OF UAE ARMED FORCES AND THREATENED ELIMINATION OF FEDERAL FUNDING FOR REGIONAL COMMANDS THAT FAIL TO INTEGRATE INTO UAE DEFENSE FORCE. IN PARTICULAR SHAIKH RASHID OF DUBAI HAS OBJECTED TO SHAIKH SULTAN'S APPOINTMENT ON GROUNDS THAT IT WAS DONE BY PRESIDENTIAL DECREE WITHOUT PRIOR APPROVAL OF SUPREME COUNCIL OF RULERS (ABU DHABI 346 AND A-012) AND THEREBY ESTABLISHED DANGEROUS CONSTITUTIONAL PRECEDENT.

-- B) GETTING DUBAI AND OTHER EMIRATES TO AGREE TO 1978 FEDERAL BUDGET WHICH REQUIRES EACH OF OTHER EMIRATES TO MAKE AT LEAST A TOKEN 10 PERCENT CONTRIBUTION TO FEDERAL TREASURY.

-- C) GETTING AGREEMENT TO HOTELY DEBATED DRAFT LAWS NOW BEFORE NATIONAL ASSEMBLY REQUIRING 51 PERCENT OWNERSHIP BY UAE NATIONALS OF ANY COMPANY ESTABLISHED IN EMIRATES AND BARRING FOREIGNERS (EXCEPT FOR DIPLOMATIC MISSIONS AND NATIONALS FROM CERTAIN ARABIAN PENINSULA COUNTRIES ON RECIPROCAL BASIS) FROM OWNING LAND IN UAE. NORTHERN EMIRATES HAVE GENERALLY OPPOSED THIS LEGISLATION OR ELSE HAVE ASKED FOR EXTENSIVE GRACE PERIODS SINCE LAWS WOULD IMPAIR THEIR CURRENT EFFORTS TO ATTRACT MORE FOREIGN INVESTMENT. (ABU DHABI A-017).
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-- D) UNRESOLVED BOUNDARY PROBLEMS, ESPECIALLY THOSE BETWEEN OMAN AND RAS AL KHAIMAH. ZAYID PRESUMABLY WISHED TO DISCUSS WITH SHAIKH RASHID WHAT TRANSPIRED DURING LATTER'S APRIL 3 MEETING WITH SULTAN QABUS IN SOHAR (WE UNDERSTAND NOTHING ACHIEVED AT SOHAR TALKS IN RESOLVING BOUNDARY ISSUE).

-- E) VISAS. DUBAI AND SHARJAH HAVE PRESSED HARD TO GET A LOOSENING OF PRESENT TIGHT FEDERAL IMMIGRATION REGULATIONS BY REINSTITUTING SOME KIND OF TEMPORARY AIRPORT VISA TO ALLOW BUSINESSMEN TO ENTER WITHOUT RESTRICTIONS FOR SHORT PERIODS OF TIME. PRESSURE FROM HOTELS IN SHARJAH AND DUBAI WITH CURRENTLY HIGH VACANCY RATES FOR RELAXATION VISA REGULATIONS HAVE BEEN INTENSE.

-- F) RUNNING THE POLICE. RASHID CONTINUES TO FEEL THAT UAE MINISTRY OF ERIOR BUREAUCRATICALLY CONSTIPATED AND INCAPABLE OF ASSURING PROPER PROTECTION FOR DUBAI'S INTERESTS AGAINST POTENTIALLY SUBVERSIVE ELEMENTS. HE HAS RESISTED ABU DHABI DEMANDS FOR MORE DIRECT CONTROL OF DUBAI POLICE AND SECURITY FORCES. EFFECT HAS BEEN REDUCED COMMUNICATION AND COORDINATION BETWEEN MINISTRY OF INTERIOR IN ABU DHABI AND DUBAI POLICE TO DETRIMENT OF GENERAL UAE SECURITY.

-- G) HOW TO REINVIGORATE UAE ECONOMY. SINCE LAST YEAR'S DIRHAM CRISIS AND SUBSEQUENT CURRENCY BOARD CREDIT RESTRICTIONS, OTHER RULERS HAVE FELT SHARPLY EFFECT OF DEFLATIONARY MEASURES AND HAVE NOT BEEN PLEASED. SHAIKH SAQR OF RAS AL KHAIMAH IN PARTICULAR HAS ARGUED FOR RECEIVING SUBSTANTIAL CREDITS FROM UAE FINANCIAL INSTITUTIONS TO FINANCE HIS AMBITIOUS PROJECTS RATHER THAN HAVE TO DEPEND ON EURODOLLAR CAPITAL MARKETS (ABU DHABI A-18). WHILE SHAIKH RASHID IS NOW LOOKING FOR ADDITIONAL CAPITAL TO FUND COST OVER-RUNS FOR SOME OF DUBAI'S MAJOR INFRASTRUCTURE PROJECTS -- PARTICULARLY THE DRYDOCK (SEE 77 ABU DHABI 3414).

3. ON THE SURFACE IT APPEARS THAT ZAYID HAS AT LEAST HAD PARTIALLY BEEN SUCCESSFUL. TELEVISION HAS PROMINENTLY DISPLAYED SHAIKH RASHID AND SHAIKH SAQR RUBBING NOSES IN GREETING WITH COMMANDER LIMITED OFFICIAL USE

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IN CHIEF SHAIKH SULTAN BIN ZAYID WHICH AGREED BY MOST OBSERVERS HERE TO INDICATE THEIR ACCEPTANCE OF SHAIKHSULTAN'S NEW STATUS. PRESS ON APRIL 12 HAS ANNOUNCED THAT SHAIKH ZAYID WILL SIGN THE UAE FEDERAL BUDGET ON APRIL 15 NOTING THAT ALL OTHER SUPREME COUNCIL RULERS HAVE NOW SIGNED IT. ALSO, SHAIKH SAQR HAS ISSUED A STATEMENT TO EFFECT THAT HE HAD BEEN "MISQUOTED" MONTH BEFORE BY NEWSPAPERMEN, PRESUMABLY A WAY OF RETRACTING SAQR'S COMPLAINTS INVIDIOUSLY COMPARING ABU DHABI EXPENDITURES ON FOREIGN AID WITH WHAT HE FELT WAS NIGGARDLY ASSISTANCE TO HIS OWN EMIRATE'S DEVELOPMENT.

4. WE HOPE TO BE ABLE TO PROVIDE SHORTLY A MORE PRECISE PICTURE OF WHAT WAS ACCOMPLISHED DURING THIS WEEK LONG VISIT. AMBASSADOR WILL BE MEETING MINDEF SHAIKH MUHAMMAD BIN RASHID ON APRIL 16 IN DUBAI AND WILL BE SEEKING APPOINTMENT WITH FORMIN SUWAIDI (WHO ACCOMPANIED ZAYID) IN NEWR FUTURE. DICKMAN

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